

Message Text

CONFIDENTIAL

PAGE 01 USBERL 00946 01 OF 02 220341Z
ACTION EB-08

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15 NSC-05
PM-05 /049 W

-----010282 220545Z /14

R 211006Z APR 78
FM USMISSION USBERLIN
TO AMEMBASSY BONN
INFO SECSTATE WASHDC 6689
AMEMBASSY LONDON
AMEMBASSY PARIS
AMCONSUL FRANKFURT

C O N F I D E N T I A L SECTION 1 OF 2 USBERLIN 0946

E.O. 11652: GDS
TAGS: PGOV, EAIR, GW, AKB
SUBJECT: BERLIN - SAARBRUECKEN AIR SERVICE

REF: FRANKFURT 3072 (NOTAL)

SUMMARY: BERLINAIR (TAXI) SERIOUSLY SEEKING PERMISSION TO
OPERATE BERLIN - SAARBRUECKEN SERVICE, USING TYPE OF AIRCRAFT
WHICH WOULD FIT PREFERENCE STATED BY SAARLAND OFFICIAL TO
FRANKFURT CONGEN OFFICER (REFTEL). MISSION SUPPORTS BERLINAIR
ENDEAVOR. ALLIED CIVIL AIR ATTACHES WILL HAVE TO TAKE
FINANCIAL CONDITION OF BERLINAIR INTO CONSIDERATION; WE HOPE
BRITISH DO NOT HAVE FALSE IMPRESSION OF BERLINAIR'S FINANCES.
END SUMMARY.

1. BERLINAIR (TAXI) PRESIDENT LUNDGREN TOLD US APRIL 13 HE
HAD JUST RETURNED FROM TRIP TO U.S. WHERE HE UNDERTOOK PRE-
LIMINARY ARRANGEMENTS FOR ACQUISITION OF ONE TURBOPROP AIRCRAFT.
LUNDGREN SAID HE HAS TAKEN AN OPTION ON A USED F-27; ALSO, HE
HAS EXAMINED WITH DEHAVILLAND OF CANADA THE ACQUISITION
OF DEHAVILLAND'S NEW FOUR-ENGINE "DASH-7." HE LOOKED AT A
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 USBERL 00946 01 OF 02 220341Z

SMALLER SIRCRAFT, FAIRCHILD'S METROLINER, AND HAS PLANS TO
INSPECT A BRITISH-BUILT AIRCRAFT IN THE NEAR FUTURE. FIRST
ON LUNDGREN'S PREFERENCE LIST IS THE DASH-7 WHICH HAS THE
APPEAL OF BEING REMARKABLY QUIET INSIDE AND OUT, A FEATURE
WHICH ELIMINATES ONE OF THE PRINCIPAL DISADVANTAGES OF
TURBOPROP AIRCRAFT FOR THE PASSENGER. BERLIN NEWSPAPER
SPANDAUER VOLKSBLATT MENTIONED APRIL 14 POSSIBILITY OF

BERLINAIR'S OPERATING THE DASH-7 ON THE BERLIN - SAARBRUECKEN SERVICE.

2. COMMENT: IN CONSIDERING THE ACQUISITION OF A DASH-7, A \$3.8 MILLION AIRCRAFT, BERLINAIR IS SHOWING THAT IT SERIOUSLY WANTS TO TAKE ON THIS SERVICE WHICH HAS PROVED SO DIFFICULT TO ESTABLISH IN THE PAST. LUNDGREN, WHO HAS BEEN AROUND BERLIN AVIATION FOR SOME YEARS (HE WAS A MEMBER OF THE COCKPIT CREW WHICH FLEW THE FIRST PANAM SCHEDULED FLIGHT TO SAARBRUECKEN FIVE YEARS AGO), IS CONVINCED HE CAN MAKE A GO OF IT. HE CONSIDERS AEROAMERICA OUT OF THE RUNNING BECAUSE OF THEIR SHAKY FINANCIAL POSITION. HE DOES NOT EXPECT THEM TO BE ABLE TO RENEW THEIR CONTRACT WITH BERLINER FUGRING WHEN IT EXPIRES NEXT YEAR. ABSENT THIS CONTRACT WHICH FURNISHES THE LION'S SHARE OF THEIR OPERATING REVENUES, LUNDGREN EXPECTS AEROAMERICA MAY ENTIRELY DISAPPEAR FROM THE BERLIN AVIATION SCENE NEXT SUMMER. HE DOES NOT IMAGINE THAT AEROAMERICA'S SHAKY POSITION WOULD MAKE THEM A SUITABLE CANDIDATE FOR SAARBRUECKEN SERVICE. END COMMENT.

3. WE HAD ALSO HEARD IN BERLIN THAT THE JERSEY-BASED OPERATION INTRA-AIR WAS INTERESTED IN OPERATING THE BERLIN - SAARBRUECKEN RUN WITH VISCOUNTS. IN THIS CONNECTION, BRITISH MISSION OFFICERS HERE HAVE TWICE SAID TO US THEY HEARD THAT "BERLINAIR IS GOING BROKE" OR BERLINAIR IS IN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 USBERL 00946 01 OF 02 220341Z

"HOT WATER" FINANCIALLY. LUNDGREN DISMISSED THESE RUMORS. HE SAID THE PRESENT AIR TAXI OPERATION WITH THE SIX-SEAT ROCKWELL TURBO COMMANDER IS "PRETTY WELL CARRYING ITSELF." HE HAD BEEN PREPARED TO SEE THE AIR TAXI OPERATION RUN IN THE RED FOR SOME TIME. HE IS PLEASED THAT THE LOSSES ARE CURRENTLY LESS THAN HE EXPECTED, AND HE HAS NOT HAD TO GO OUTSIDE THE CORPORATION FOR FINANCING; IN FACT, LUNDGREN CLAIMED THAT INVESTORS ARE CLAMORING TO PARTICIPATE IN BERLINAIR'S PROPOSED EXPANSION. LUNDGREN MENTIONED THE POSSIBILITY OF VERY ADVANTAGEOUS FINANCING, AKIN TO EASTERN'S AIRBUS ARRANGEMENTS; DEHAVILLAND IS WILLING TO OFFER VERY FAVORABLE TERMS IN ORDER TO PENETRATE THE EUROPEAN MARKET.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 USBERL 00946 02 OF 02 220529Z
ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
NSC-05 PM-05 /061 W
-----011343 220546Z /14

R 211006Z APR 78
FM USMISSION USBERLIN
TO AMEMBASSY BONN
INFO SECSTATE WASHDC 6690
AMEMBASSY LONDON
AMEMBASSY PARIS
AMCONSUL FRANKFURT

C O N F I D E N T I A L SECTION 2 OF 2 USBERLIN 0946

4. COMMENT: WE HOPE THAT RUMOR FROM BRITISH SOURCES THAT BERLINAIR IS IN BAD SHAPE FINANCIALLY DOES NOT REFLECT A BRITISH PREDISPOSITION TO UNDERCUT BERLINAIR'S APPLICATION FOR SAARBRUECKEN SERVICE IN FAVOR OF BRITISH CARRIER INTRA-AIR. ACCURATE COMMENT ON THIS RUMOR COULD ONLY COME AFTER EXAMINATION OF BERLINAIR'S BALANCE SHEET. WE HAVE TOLD BERLINAIR WE DO NOT PROPOSE TO DO THAT IN BERLIN; HOWEVER, THE USCAA, IN CARRYING OUT HIS REGULATORY FUNCTIONS, WOULD BE INTERESTED IN PRECISELY THE SORT OF INFORMATION FOUND IN A CORPORATE BALANCE SHEET. FROM A POLITICAL STANDPOINT, OF COURSE, WE STRONGLY SUPPORT BERLINAIR'S PROPOSAL. IT WOULD ADD AN ADDITIONAL AIR LINK BETWEEN BERLIN AND THE FEDERAL REPUBLIC AND WOULD CONTRIBUTE TO THE CITY'S ACCESSIBILITY, THEREBY PROMOTING ITS VIABILITY.

5. AT DEP POLADS MEETING APRIL 19, FRENCH AND BRITISH DEP POLADS REPORTED THAT SENAT OFFICIALS HAD APPROACHED MEMBERS OF THEIR HEADQUARTERS, ASKING ABOUT FINANCIAL STATUS OF BERLINAIR. BOTH LASSUS (FRENCH) AND CARY (BRITISH) SAID THEY CONSIDERED SUCH BACKDOOR EFFORTS TO GAIN INFORMATION ABOUT AN ALLIED CARRIER INADMISSIBLE; THE CAA'S HAVE THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 USBERL 00946 02 OF 02 220529Z

JOB OF MAKING SUCH ASSESSMENTS. SENAT OFFICER RESPONSIBLE FOR TRANSPORTATION (HARTHUN) HAD ASKED US ABOUT BERLINAIR. HARTHUN CONVEYED INQUIRY ON BEHALF OF COLLEAGUES IN SAARLAND GOVERNMENT WHO WERE CONCERNED WHETHER BERLINAIR WAS "BIG ENOUGH" TO HANDLE THE JOB; HE SEEMED GENUINELY MOTIVATED BY THE COMMON INTEREST OF BOTH LAENDER IN A VIABLE BERLIN - SAARBRUECKEN SERVICE. WE SAID THE U.S. MISSION SHARED THIS INTEREST, THAT WE HAD CONFIDENCE THAT BERLINAIR'S

INTENTIONS WERE INDEED SERIOUS. WE CONTINUE TO BELIEVE
THAT THE BERLINAIR MANAGEMENT IS PUTTING FORWARD AN
HONEST EFFORT IN THE BEST FREE ENTERPRISE TRADITION TO
BUILD A COMMERCIALY PROFITABLE ENTERPRISE WHICH WILL
BENEFIT BERLIN AND CAST CREDIT ON THE U.S. PRESENCE HERE.
GEORGE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUPPLEMENTAL AIRLINES, AIR ROUTES, BERLIN AIR ACCESS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978USBERL00946
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780172-0245
Format: TEL
From: USBERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780429/aaaaayan.tel
Line Count: 176
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: d41e54a9-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 FRANKFURT 3072
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 27 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2883433
Secure: OPEN
Status: NATIVE
Subject: BERLIN - SAARBRUECKEN AIR SERVICE
TAGS: PGOV, EAIR, GE, AKB
To: BONN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d41e54a9-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014